

Farmington City Council Meeting

January 13, 2015

Present: Mayor Jim Talbot, Council Members Doug Anderson, John Bilton, Brigham Mellor, Cory Ritz and Jim Young, City Manager Dave Millheim, City Engineer Chad Boshell, City Recorder Holly Gadd & Recording Secretary Cynthia DeCoursey

CALL TO ORDER:

Roll Call (Opening Comments/Invocation/Pledge of Allegiance)

Mayor Talbot offered the invocation and **Doug Anderson** led the Pledge of Allegiance.

Award of bid for storm drain work in the area of Park Lane and Station Parkway

Chad Boshell said the City received 17 bids for this project, and the lowest bid was submitted by RJT Excavating in the amount of \$287,119.30. **Mayor Talbot** stated that it is an aggressive time schedule, and **Cory Ritz** asked if the City is offering an incentive for early completion of the job or a penalty if the deadline is not met. **Chad** said there will not be an incentive but there is a \$200 per day penalty. **Dave Millheim** explained that the schedule was laid out very clearly to the bidding companies, and the specifics will be finalized by January 31st.

Motion:

Cory Ritz made a motion to award the bid for this project to RJT Excavating in the amount of \$287,119.30 with \$148,281.30 to be paid from the Storm Drain Utility Fund and \$138,838.00 to be paid from Storm Drain Impact Fees. **Jim Young** seconded the motion which was unanimously approved.

PUBLIC HEARING:

Consideration of a study authorizing appropriation of funding for an Incentive Agreement

Dave Millheim said the City plans to waive Cabela's site plan, development review and entitlement fees (approximately \$100,000) and to rebate \$1 million in future sales tax revenue generated from the store on a formula basis and only on the City's portion of collected sales taxes. Davis County is assisting with \$300,000 of the \$1 million. State code requires a public hearing prior to the appropriation of the funds. Cabela's could generate about \$350 million in gross sales (over a 20-year life cycle), and their store will create a synergy that will create and benefit other retailers in the area.

Public Hearing:

The Public Hearing opened at 7:20 p.m.

Wendy Rasmussen, 1233 West 175 South, is pleased that Cabela's is coming to Farmington and believes it is wise for the City to offer incentives; however, she does not agree with the sales tax rebate. Just one month ago the City proposed a higher sales tax for residents, and it makes no sense offer such an extreme incentive to Cabela's.

Juliane Prescott, 648 South Shire Lane, said several City Council members stated during their campaigns that they would maintain the integrity of Farmington and keep it rural. In a recent meeting the City said they do not have enough money to install curb and sidewalk on 1100 West, but they have enough to pay for Cabela's storm drain facilities? She asked if other retailers would receive incentives and if taxes would be higher.

Dave Millheim said this project is consistent with the City's General Plan and is the first time the City has offered an incentive to a company. Staff and the City Council believe it is a strong long-term investment, and 60-70% of the tax money from the Station Park area comes from people who do not reside in Farmington.

The Public Hearing closed at 7:35 p.m.

Cory Ritz said this storm drain project is associated with new development which will be partially paid for with impact fees, whereas road improvements are shared between developers and the City. He is firmly in favor of maintaining the rural feel of Farmington where it is appropriate, but he is also firmly in favor of developing a tax base to keep property taxes from skyrocketing. **Doug Anderson** agreed and said Cabela's is a great retailer to have in this area. **Jim Young** said this is actually a very small incentive for a very large return to the City over time. **John Bilton** was wary of the leverage Cabela's has used in other cities, so he reviewed seven other incentive packages; the highest was \$25 million and the lowest was \$8 million. **Brigham Mellor** pointed out that the tax rebate applies only to the City's portion of the sales tax (1% of 6.5%) with the remaining portion going to the County and State. Less than one year ago, the anchor tenant for this development was McDonalds. Cabela's is a regional draw which will generate a multiplier effect. The City cannot force residents to keep their property rural. **Mayor Talbot** thanked the Council for their comments and efforts regarding the Incentive Agreement. He believes it will be a win-win situation for Cabela's and for Farmington.

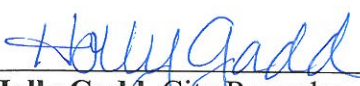
Motion:

John Bilton to adopt the findings of the study as outlined in the staff report and to authorize staff to appropriate the funds as part of the budget process. The motion was seconded by **Brigham Mellor** and unanimously approved.

ADJOURNMENT

Motion:

John Bilton made a motion to adjourn the meeting. **Brigham Mellor** seconded the motion which was unanimously approved, and the meeting was adjourned at 7:55 p.m.



Holly Gadd, City Recorder
Farmington City Corporation